

## Message Text

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PAGE 01 ATHENS 07728 242057Z

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-04 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-05 NSAE-00 XMB-02 OPIC-03 LAB-01

SIL-01 PA-01 PRS-01 USIA-06 /070 W

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R 241613Z OCT 74

FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 6018

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS ATHENS 7728

E.O. 11652: N/A

TAGS: ECON, ETRD, EINV, GR

SUBJECT: COORDINATION MINISTER ZOLOTAS COMMENTS ON ECONOMY

REF: ATHENS A-266 AND A-300

1. COORDINATION AND PLANNING MINISTER XENOPHON ZOLOTAS HAS CONFIRMED PRESS REPORTS THAT NEW MEASURES TO REVIVE GREEK ECONOMY WILL SOON BE IMPLEMENTED.

2. NEW MEASURES UNDER CONSIDERATION INCLUDE:

(A) FURTHER RELAXATION OF CREDIT LIMITS IN THOSE SECTORS WHERE LEVEL RESTRICTED TO 12 PERCENT ABOVE DECEMBER 1973 LEVEL (TO DATE ONLY AREAS WHERE THIS RESTRICTION DOES NOT APPLY ARE INDUSTRIAL, HANDICRAFT, AND EXPORT-ORIENTED ENTERPRISES);

(B) FINANCING OF THE COMPLETION OF UNFINISHED BUILDING AND HOTEL PROJECTS;

(C) EXPEDITING APPROVAL OF FOREIGN INVESTMENT APPLICATIONS UNDER LAW 2687 AND REORGANIZING COORDINATION MINISTRY DEPARTMENTS HANDLING FOREIGN INVESTMENT

3. ZOLOTAS STATED THAT SOME OPTIMISM ABOUT THE ECONOMY IS UNCLASSIFIED

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PAGE 02 ATHENS 07728 242057Z

JUSTIFIED DUE TO: (A) IMPROVEMENT IN GROWTH OF PRIVATE BANK

DEPOSITS (TREND TOWARD NORMALITY AFTER CYPRUS CRISIS NEAR-PANIC  
WITHDRAWALS CONTINUES WITH A DEPOSIT REFLOW OF \$216.6 MILLION  
IN SEPTEMBER AND AN ESTIMATED \$200 MILLION IN OCTOBER);  
(B) LEVELING OFF OF PRICES (HE ESTIMATES A 12 PERCENT CONSUMER  
PRICE INDEX INCREASE FOR DECEMBER 1973-74);  
(C) IMPROVED BALANCE OF PAYMENTS SITUATION, CITING FOR THE  
FIRST NINE MONTHS A TRADE DEFICIT OF \$2.048 BILLION (VS.  
\$1.976 BILLION DURING SAME PERIOD IN 1973); CURRENT ACCOUNT  
DEFICIT OF \$855 MILLION (\$856.4 MILLION DURING COMPARABLE  
PERIOD IN 1973);  
(D) SOME SIGNS OF REVERSAL OF DONWARD TREND IN INDUSTRIAL  
PRODUCTION AND CONSTRUCTION, ALTHOUGH HE CONCEDED THAT  
THERE WILL BE NO REAL GNP GROWTH THIS YEAR.  
KUBISCH

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESS COMMENTS, ECONOMIC PROGRAMS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 OCT 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974ATHENS07728  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740304-0684  
**From:** ATHENS  
**Handling Restrictions:** n/a  
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**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** ATHENS A-266 AND A-300  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 22 APR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <22 APR 2002 by chappeld>; APPROVED <06-Aug-2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** COORDINATION MINISTER ZOLOTAS COMMENTS ON ECONOMY  
**TAGS:** ECON, GR  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005